



State of New Jersey
DEPARTMENT OF HEALTH

PO BOX 358
TRENTON, N.J. 08625-0358

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

www.nj.gov/health

JEFFREY A. BROWN
Acting Commissioner

In Re:

BARNEGAT REHABILITATION AND NURSING
CENTER
(NJ Facility ID# NJ61524)

INFORMATION REQUIREMENT
ORDER

TO: Arthur Frisch, Administrator
Barnegat Rehabilitation and Nursing Center
859 West Bay Avenue
Barnegat, New Jersey 08005
afrisch@barnegatrehab.com

As more fully detailed below, the New Jersey Department of Health (the Department) hereby orders Barnegat Rehabilitation and Nursing Center (Barnegat) to submit to the Department information that is needed because the facility's financial viability, and consequently the provision of services to residents in its care, is threatened by the maturation in April 2025 of a large, long-term loan. The Department must ensure continuity of care to residents and an orderly transition in the event of a facility closure. Although the facility anticipates continued operation via a negotiated extension of the loan and securing a U.S. Department of Housing and Urban Development (HUD) loan, the facility has not provided the Department with evidence that the loan has, in fact, been extended and has not yet secured a HUD loan for this facility.

The Health Care Facilities Planning Act (N.J.S.A. 26:2H-1 et seq.) (the Act) provides a statutory scheme designed to ensure that all health care facilities are of the highest quality. Pursuant to the Act and N.J.A.C. 8:43E-1.1 et seq. (General Licensure Procedures and Standards Applicable to All Licensed Facilities), the Commissioner of Health is authorized to inspect all health care facilities and to enforce the Standards for Licensure of Long-Term Care Facilities set forth at N.J.A.C. 8:39-1.1 et seq. Pursuant to N.J.S.A. 26:2H-5e, "[a]t the request of the commissioner, health care facilities shall furnish to the Department of Health and Senior Services such reports and information as it may require to effectuate the provisions and purposes of this act, excluding confidential communications from patients." Moreover, pursuant to N.J.S.A. 26:2H-42.1(c), the Department may take appropriate actions to ensure continuity of care for, and the safety of, residents of long-term care facilities that are in financial distress.

A March 3, 2025, audit report for the year ending December 31, 2023, for the Stonebridge Healthcare Group includes the combined financial statements and supplementary statements for a group of operators and realties that includes Barnegat Rehabilitation and Nursing Center. According to the audit report, the Barnegat property has a long-term loan in the amount of \$15,910,613 as of December 31, 2023, set to mature in April 2025, and, further, "repayment of the loan at maturity is not feasible based on the Group's current liquidity position."

INFORMATION REQUIREMENT ORDER

By May 9, 2025, Barnegat shall provide to the Department the following:

1. A copy of any executed loan extension or forbearance agreement with Merchants Bank of Indiana (MBI), or an update on the status of those negotiations.
2. Confirmation of compliance with all financial and non-financial covenants under the original MBI loan agreement and any subsequent modification.
3. A detailed financial report and plan outlining the facility's current status, including:
 - Any defaults in the punctual payment of:
 - a. Debt service secured by the facility or its assets
 - b. Rent obligations
 - c. Payroll
 - d. Payroll tax obligations
 - Proof of payment for all property taxes and municipal utility charges
 - Current balance sheet, income statement, and cash flow projection.

The information required pursuant to this order shall be emailed to: Stefaniej.Mozgai@doh.nj.gov, Noah.Glyn@doh.nj.gov, Gene.Rosenblum@doh.nj.gov, Lisa.King@doh.nj.gov, and Jean.Markey@doh.nj.gov.

N.J.A.C. 8:43E-3.4(a)11 provides a \$250 penalty for the failure to report information to the Department as required by statute or licensing regulation, after reasonable notice and an opportunity to cure the violation, which may be assessed for each day noncompliance is found.

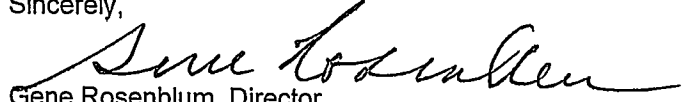
New Jersey law requires nursing homes to report to the Department of Health within five business days any default on a debt service payment. See N.J.S.A. 26:2H-42.1.

Please note that if the facility is not financially viable or intends to close, pursuant to N.J.S.A. 26:2H-126, a long-term care facility is required to provide its residents, its residents' legal representatives, if any, and the Department with written notice when the facility is slated for closure. Such notice must be provided at least 60 days prior to the closure. While the statute permits the Department to waive the 60-day notice requirement, such a waiver is limited to emergency situations that warrant a more immediate closure of the facility. In addition, pursuant to N.J.A.C. 8:39-4.1, "[e]ach resident shall be entitled to...receive written notice at least 30 days in advance when the nursing home requests the resident's transfer or discharge, except in an emergency. Written notice shall include the name, address, and telephone number of the State Long-Term Care Ombudsman, and shall also be provided to the resident's next of kin or guardian 30 days in advance." N.J.A.C. 8:39-4.1(a)32.

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Thank you for your attention to this important matter and for your anticipated cooperation. If you have any questions concerning this order, please contact Lisa King, Office of Program Compliance, at Lisa.King@doh.nj.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gene Rosenblum".

Gene Rosenblum, Director
Office of Program Compliance
Division of Certificate of Need and Licensing

GR:JLM:nj
DATED: May 2, 2025
Enclosure
E-MAIL
REGULAR AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED
Control #X25115

C. Order Service List